

Message Text

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63

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DOTE-00 L-03 PA-04 PRS-01 USIA-15 DRC-01 /161 W

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R 052149Z SEP 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 167

INFO AMEMBASSY LIMA

UNCLAS SANTIAGO 5420

E.O. 11652: N/A

TAGS: EFIN, CI

SUBJECT: CHILE'S AUTOMOTIVE BIDDING READY TO BEGIN

PASS COMMERCE

REF: SANTIAGO 4026

1. SUMMARY. SPECIFICATIONS FOR CHILE'S AUTOMOTIVE BIDDING READY FOR TRANSMITTAL TO APPROXIMATELY 14 FOREIGN MANUFACTURERS SELECTED BY CORFO TO PARTICIPATE IN BIDDING PROCESS. REPORTEDLY THREE FIRMS REPRESENTING JAPAN, EUROPE, AND U.S. WILL BE SELECTED NO LATER THAN JUNE 1975. FIRMS SELECTED ARE TO MAKE AGGREGATE INVESTMENT US\$150-200 MILLION IN CHILE WITHIN 2-3 YEARS OF SELECTION. WILL ALSO BE RESPONSIBLE FOR SETTING UP SOME TYPE OF CONSUMER FINANCING PROGRAM FOR PURCHASE OF VEHICLES. END SUMMARY.

2. SEPTEMBER 4 PRESS ANNOUNCED THAT BASES FOR CHILE'S AUTOMOTIVE BIDDING (LICITACION) ARE READY TO BE TRANSMITTED TO 13 OR 14 FIRMS SELECTED BY CORFO TO PARTICIPATE IN SELECTION PROCESS. PRESS REPORTS THAT VP OF CORFO AND HEAD OF AUTOMOTIVE COMMISSION WILL
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INITIATE CONTACTS WITH FIRMS THIS WEEK EITHER DIRECTLY

OR THROUGH THEIR RESPECTIVE EMBASSIES.

3. ONE OF COMMISSION EXEC. DIRECTORS QUOTED AS SAYING THAT THREE FIRMS WILL BE CHOSEN DURING FIRST SEMESTER OF 1975. FIRMS WILL REPRESENT JAPAN, EUROPE, AND U.S. AND MUST OFFER FULL RANGE OF AUTOMOTIVE VEHICLES (CARS, PICK-UP AND LARGE TRUCKS). TOTAL INVESTMENT REQUIRED OF THE THREE FIRMS SELECTED IN RANGE OF \$150-200 MILLION UPON REACHING FULL-PRODUCTION STAGE WITHIN 2-3 YEARS OF SELECTION.

4. ONE APPARENT CHANGE OVER PRESENT POLICY IS IN AREA OF "NATIONAL CONTENT". COMMISSION DIRECTORS QUOTED AS SAYING THAT PERCENTAGE OF NATIONAL CONTENT NOT SO IMPORTANT AS ENSURING TOTAL IMPORTATIONS ARE OFFSET BY EXPORTATION OF VEHICLES OR COMPONENTS. FIRMS SELECTED WILL ALSO BE RESPONSIBLE FOR SETTING UP SYSTEM OF CONSUMER FINANCING IN WHICH BUYERS COULD PAY 40 OR 50 PERCENT DOWN AND THE REMAINDER IN INSTALLATIONS.

5. ALTHOUGH SEPT 4 PRESS MENTIONS EXPORTING THROUGHOUT ANDEAN GROUP, THERE WAS NO MENTION OF WHETHER CHILE'S BIDDING SPECIFICATIONS ARE COMPATIBLE WITH ANDEAN GROUP'S AUTOMOTIVE PROGRAM. IN SEPT. 5 PRESS JUAN RIVEROS, PRESIDENT OF CHILEAN ASSOCIATION OF METALURGICAL MANUFACTURERS (ASIMET), IS QUOTED AS SAYING THAT CHILE WILL PROBABLY BE ASSIGNED AUTOMOBILE IN THE 1500-2000 CC CATEGORY IN ADDITION TO SMALLER SIZE AUTOMOBILES AND TWO SIZES OF TRUCKS ALREADY ASSIGNED CHILE BY ANDEAN AUTOMOTIVE PROGRAM. RIVEROS ALSO OPINED THAT 4 FIRMS RATHER THAN 3 BE SELECTED.

6. COMMENT. REPORTS ARE NOT CLEAR WHETHER CITED \$150-200 MILLION IS NEW INVESTMENT OR OLD PLUS NEW. IN EITHER CASE, FIGURE APPEARS TOO HIGH. EMBASSY WILL ATTEMPT TO CLARIFY THIS POINT AND TO SECURE COPY OF BID SPECIFICATION.

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Message Attributes

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